

Privatisation of VSNL

382. SHRI NILOTPAL BASU: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether it is a fact that Government are disinvesting Government shares upto 26 percent in VSNL;

(b) if so, the considerations for privatising a profit making PSU;

(c) whether, lack of growth of ISP business of VSNL as compared to private ISPs was considered;

(d) whether Government are aware that lack of growth was largely due to non-granting of ISP licence to VSNL beyond few service areas;

(e) whether it is a fact that price of VSNL shares came down 'meteorically' after preponement of ending its monopoly over international voice telephony; and

(f) if so, whether it was anticipated and any peremptory action attempted;

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) to (d) As per stated policy of Government, in non-strategic sectors the Government equity is to be brought down to 26% or below. Government have, after considering all aspects, decided in principle, in February 2001, to retain 26% equity of VSNL and to disinvest the rest.

(e) The downward slide in the price of VSNL shares was mainly on account of decline in overall Sensex and the Government announcement on preponement of withdrawal of monopoly on International Telephony Business.

(f) Yes, Sir. The Government had announced compensation packages for VSNL simultaneous with announcement of preponement of VSNL's monopoly.

Transparency in disinvestment of public sector companies

383. SHRI RAVI SHANKAR PRASAD: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether Government have formulated any mechanism to ensure transparency while disinvesting any public sector company;

(b) if so, the details and the norms thereof; and

(c) what precaution Government have taken to ensure compliance of the norms, if any, and its expeditious disposal?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) to (c) Government of India is carrying out disinvestment in accordance with the prescribed procedure that ensures complete transparency. The procedure is reviewed from time to time and modified with a view to accelerating the process further. At present it is as follows:—

- Proposals for disinvestment in any PSU, based on the recommendations of the Disinvestment Commission or in accordance with the declared Disinvestment Policy of the Government, are placed for consideration of the Cabinet Committee on Disinvestment (CCD).
- After CCD clears the disinvestment proposal, selection of the Advisor is done through a Competitive Bidding process.
- The Advisor Assists the Government in preparation and issue of advertisement in leading newspapers inviting the Expression of interest (EOI) offers from interested parties.
- After receipts of the EOIs, Prospective Bidders are short listed based on objective screening in the light of announced criteria/requirements.
- The Advisors, after due diligence of the PSU, prepare the Information Memorandum in consultation with the concern PSU. This is given to the short listed Prospective Bidders who have entered into a Confidentiality Agreement.
- The draft Share Purchase Agreement and the Shareholder Agreement are also prepared by the Advisors with the help of the Legal Advisors.
- The Prospective Bidders undertake due diligence of the PSU and hold discussions with the Advisors/the Government/the Representatives of the PSU for any clarifications.
- Concurrently, the task of valuation of the PSU is undertaken in accordance with the standard national and international practices.
- Based on the reactions received from the Prospective Bidders, the Share Purchase Agreement and shareholders Agreement are prepared. After getting them vetted by the Ministry of Law, they are approved by the Government. Thereafter, they are sent to the Prospective Bidders for inviting the final binding bids (Technical and Financial).
- After examination, analysis and evaluation, the recommendations of the Inter Ministerial Group (IMG) are placed before the CCD for a final

decision regarding selection of the Strategic Partner, signing of the Share purchase Agreement and Shareholder Agreement, and other ancillary issues.

- In the disinvestment process mentioned above, Department of Disinvestment is assisted at each stage by an Inter Ministerial Group (IMG) comprising officers from the Ministry of Finance, Department of Public Enterprises, the Administrative Ministry/Department controlling the PSU, apart from the officers of the Department of Disinvestment and the Advisors.
- After the transaction is completed, all papers and documents relating to it shall be turned over the Comptroller and Auditor General of India; the CAG shall prepare an evaluation for sending to Parliament and releasing to the public.

Disinvestment Target

†384. SHRI JANESHWAR MISHRA: Will the Minister of DISINVESTMENT be pleased to state:

(a) what targets were set by Government for disinvestment during the last five years;

(b) the number of disinvestment proposals sanctioned along with those involving actual disinvestment during the said period; and

(c) What are the details in this regard?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) to (c) The information in regard to the targets fixed, amounts realised and the details of the offerings made during the last five years (including current year) is as per Table.

Table

Year	Target fixed	Amount actually realized	Details of the offerings made
1996-97	5,000	380	GDR (VSNL) in international market.
1997-98	4,800	902	GDR (MTNL) in international market.
1998-99	5,000	5,371	GDR (VSNL) in international market. Domestic offerings with the participation of FIIs (CONCOIR & GAIL).

†Original notice of the question was received in Hindi.